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ABSTRACT

This secondary curriculum guides is comprised of two jobs (units of instruction) designed to introduce students to Agribusiness. An introductory section lists the jobs included in the guide, intended use, unit objectives, and references. Jobs included are (1) Understanding the Importance of Agribusiness and (2) Defining Types of Business Organizations. Each job unit is comprised of the following parts: objectives, guide questions, references, interest approach, key facts, student learning activities, and transparency masters. (LRA)

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INTRODUCTION TO AGRIBUSINESS

Unit A-6

by

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Fargo, North Dakota

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U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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INTRODUCTION TO AGRIBUSINESS

Jobs Included

1. Understanding the Importance of Agribusiness.

2. Defining Types of Business Organizations.

Intended Use

This unit is intended to provide about ten hours of instruction introducing first year vocational agriculture students to the area of agribusiness. The unit provides information to inform all students that agriculture includes much more than production. It is intended to get students into their community to survey its agribusinesses and their impact on the community. Subsequent units in agribusiness build upon this unit.

Unit Objectives

1. To develop an understanding of the importance of agribusiness to the world, nation, state, and community.

2. To develop an understanding of the types of business organizations found in agribusiness.

References:

Cobia, David W. Management and Marketing in Agribusiness. Department of Agricultural Economics, North Dakota State University, Fargo, North Dakota, August 1976.

Kirkman, C. H. Jr. Understanding Your Cooperatives. Economics, Statistics, and Cooperatives Service, United States Department of Agriculture, July, 1979.

Limvere, Karl. Economic Democracy For the Northern Plains: Cooperatives and North Dakota. The North Dakota Farmers Union, 1980.

North Dakota State and County Data. Vol. 1, part 34 of the 1974 Census of Agriculture. U.S. Department of Commerce, Bureau of the Census, 1978.

Roy, Ewell Paul. Exploring Agribusiness. Danville, Illinois: The Interstate Printers and Publishers Inc., 1967.

Torkelson, David R. North Dakota Industrial Location Facts. Business and Industrial Development Department, Bismarck, North Dakota, February, 1977.

Your Career In Agribusiness. The Future Farmers of America, Alexandria, Virginia.

Business In Our Community. American Institute of Cooperation, Washington, D.C., 1977.

Job I: Understanding the Importance of Agribusiness.

Objectives:

The objectives of this job shall be met at a level predetermined by the instructor. The manner in which they are evaluated shall also be determined by the instructor.

Upon completion of this job, the students shall be able:

1. to define the term agribusiness.
2. to determine the types of services included in agribusiness.
3. to understand the importance of agribusiness.
4. to be familiar with recent changes in the agribusiness industry.

Guide Questions:

1. What is 'Agribusiness'?
2. What are some types of these businesses?
3. How is the agribusiness industry important to world, national, state and local situations?
4. What are some changes which have occurred recently that might greatly affect the agribusiness industry?

References:

Business In Our Community. American Institute of Cooperation, Washington, D.C., 1977.

Cobia, David W. Management and Marketing in Agribusiness. Department of Agricultural Economics, North Dakota State University, Fargo, North Dakota, August, 1976.

North Dakota State and County Data. Vol. 1, part 34 of the 1974 Census of Agriculture. U.S. Department of Commerce, Bureau of the Census, 1978.

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Torkelson, David R. North Dakota Industrial Location Facts. Business and Industrial Development Department, Bismarck, North Dakota, 1977.

Your Career in Agribusiness. The Future Farmers of America, Alexandria, Virginia.

Interest Approach: Give the provided list of occupations to the students and have them check the ones which they think may be included as agribusiness. Each of the occupations could be checked although some are not as clearly defined as agribusiness.

Key Facts:

I. Defining Agribusiness.

A. Agribusiness - the entire food and natural fiber sector of the economy. (Transparency 1)

B. Science of supplying agricultural production inputs and then producing, processing and distributing food and fiber.

II. Types of Agribusinesses.

A. Supply - sells goods to be used by the producer.
Example - fuel, feed, fertilizer, machinery. (Transparency 2)

B. Production - produces the raw material. (Transparency 3)
Example - farm, ranch.

C. Processing - converting plant, creamery, sunflower crushing plant, sugarbeet processing plant. (Transparency 4)

D. Marketing - includes assembly, storage, transportation and packaging of goods. (Transparency 5)

E. Service - provides a service to the producer of other agribusiness. (Transparency 6)

(Note: Production will not normally be included in discussion of agribusiness.)

III. Importance of Agribusiness.

A. Worldwide importance. (Transparency 7)

1. Only industry required for the maintenance of life.

2. Largest industry in the world.

B. National importance.

1. Agribusiness is a $150 billion industry.

2. Almost 90% of the food and fiber prices are not affected by the farmer.

3. 1500 pounds of food produced for each person in U.S.

4. About 50% of the wheat and soybeans that are produced are exported.

5. About 25% of the corn produced is exported.

6. Almost 17 million people employed in agribusiness.

7. Ten percent of the nation's work force is in production, another 25% is in other agribusiness. (Transparency 8)

8. Over 400 thousand people needed each year, one fourth of the people filling those are trained. (Transparency 9)

C. Importance to North Dakota.

1. One fourth of state's residents' income is directly from agricultural production.

2. Income from farming accounts for three fourths of all the money created by North Dakota enterprises.

3. Much of the wholesale trade is moving grain and livestock.

4. Retail trade, finance, insurance and real estate, service and government are all dependent on wealth generated by agricultural production.

5. Manufacturing accounts for 6% of state's income, mainly food processing and machinery production.

D. Local.

1. Impact on agribusiness in the community.

2. Effect of agribusiness on community's economy.

3.

4.

IV. Changes in the Agribusiness Industry.

A. Fewer farms, larger in size. (Transparency 10)

1. From 1950 to 1970, 66,000 farms in North Dakota averaged 647 acres, to 41,000 farms averaging 1047 acres.

2. Businesses have had to change from serving many small operations to fewer but larger ones.

B. Larger equipment and more scientific methods are being used. (Transparency 11)

C. Larger variety of preparing foods. (Transparency 12)
Example - prepared dinners, microwave cooking, health foods.

D. Services offered are increasing in number and specialty. (Transparency 13)

Student Learning Activities:

1. Have students survey the community and make a list of the agribusinesses and indicate their type. (Worksheet available)

2. Have students identify agricultural products used before school in the morning and indicate where the raw material was likely produced and the processing that took place. (Worksheet available)

3. Have each student interview the manager of a local agribusiness firm to obtain information that would be used for an oral report. After each student collects the necessary information, oral reports could be given in class reporting their findings. Information to be gathered might include:

    a. Type of services offered by the business.
    b. The size of the business.
    c. The number of employees in the business.
    d. The type of training necessary for employment in the business.
    e. The managers' impressions on the importance of the business to the community.

IDENTIFYING AGRIBUSINESS OCCUPATIONS

Check the occupations which you think may be included as agribusiness occupations.

____ Feed salesman

____ Greenhouse manager

____ Grocery store owner

____ Meat inspector

____ Farmer

____ Implement mechanic

____ Order buyer

____ Gardener

____ Lumberyard operator

____ Butcher

____ Fertilizer applicator

____ Truck driver

____ Feedlot manager

____ Grain bin erector

____ Florist

____ Veterinarian

____ Baker

____ Landscaper

____ Rancher

____ PCA loan officer

____ Cheesemaker

____ Brand inspector

____ Soil tester

Student Learning Activity #1:

Using the definition of 'Agribusiness' make a list of all the businesses in your community that are included. Then indicate whether they are supply, marketing, processing, or service. Some may be more than one.

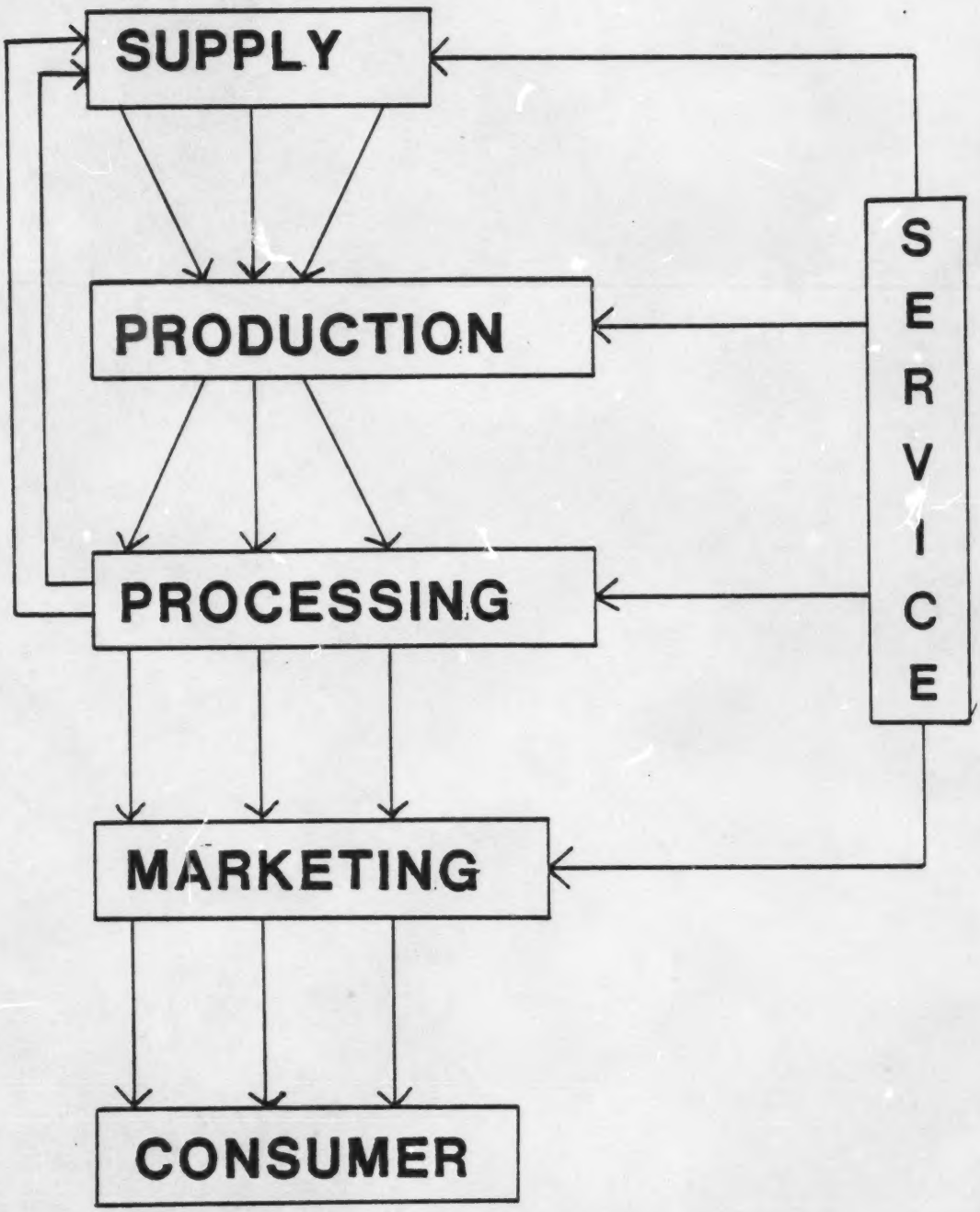
Name of Business	Type

Student Learning Activity #2:

Make a list of all agricultural products you might normally use in the morning before school. Then after each, state where it was probably produced and what kind of processing was done. Follow the example and complete the items listed, then add some more.

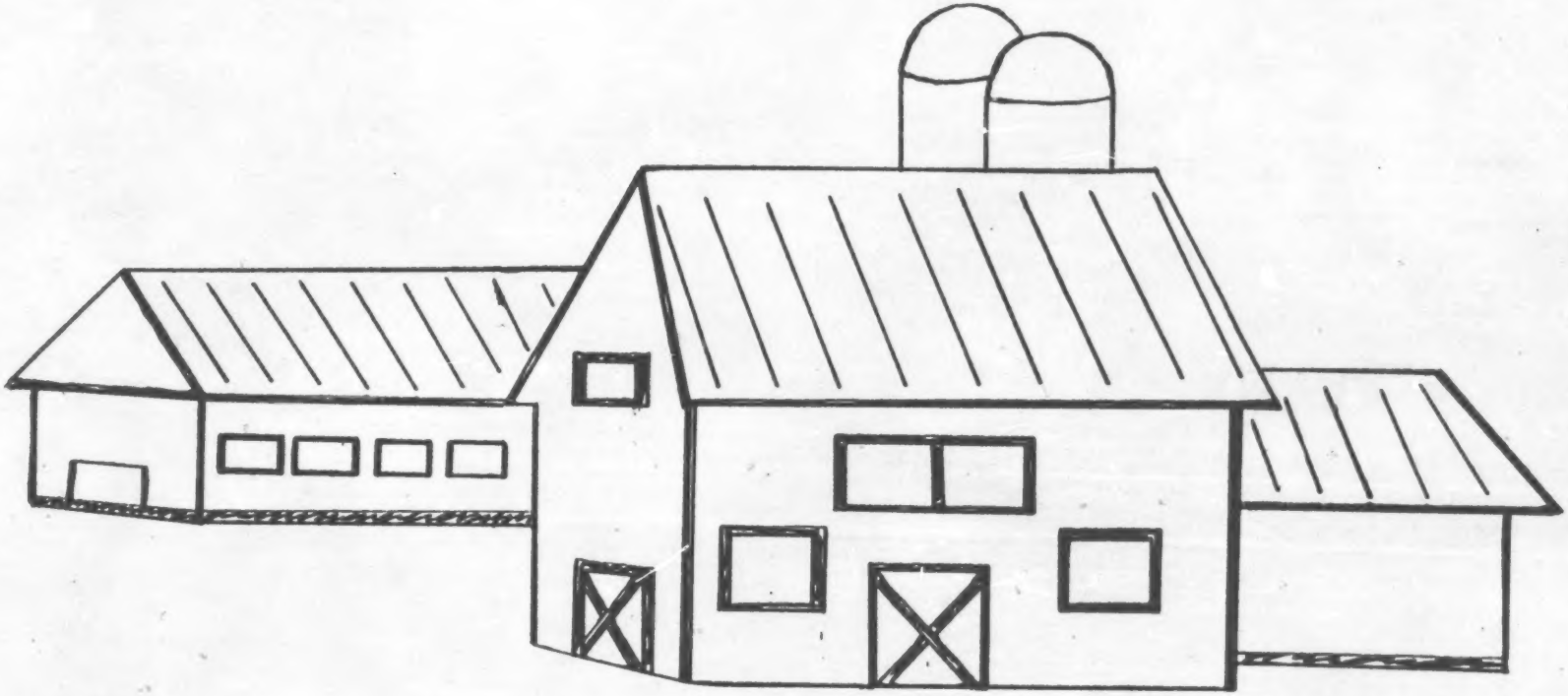
Item	Origin	Processing
Orange juice	Florida	Made into concentrate, frozen, shipped.
Jeans (cotton)	S.E. U.S.	Spun into thread, woven into fabric, stitched.
Toast		
Milk		
Sugar		

AGRIBUSINESS IS:

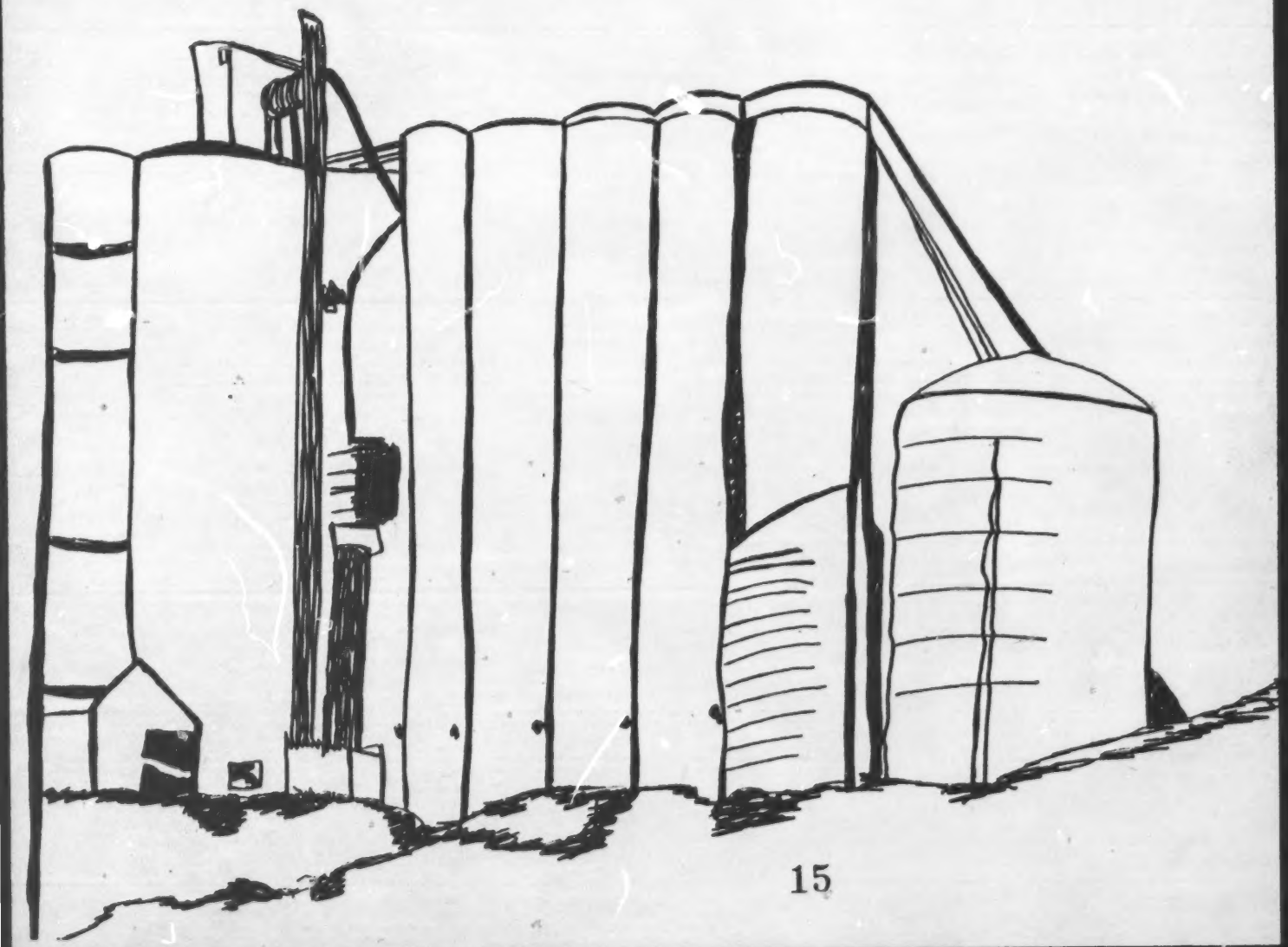


SUPPLY

PRODUCTION



PROCESSING



MARKETING

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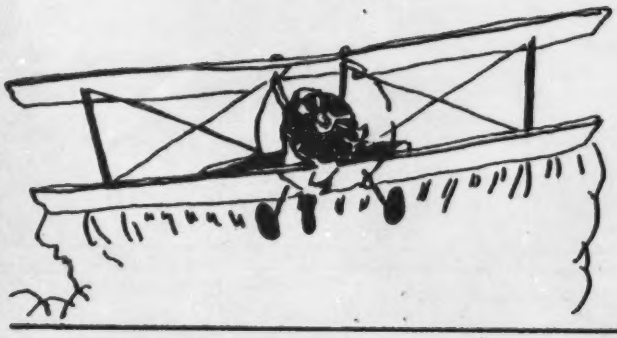
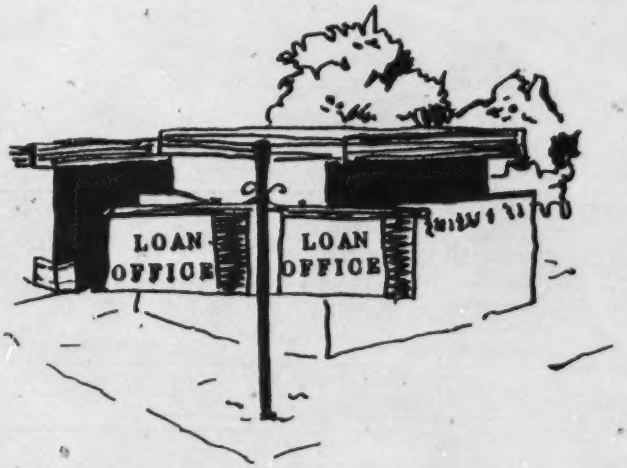
SERVICE





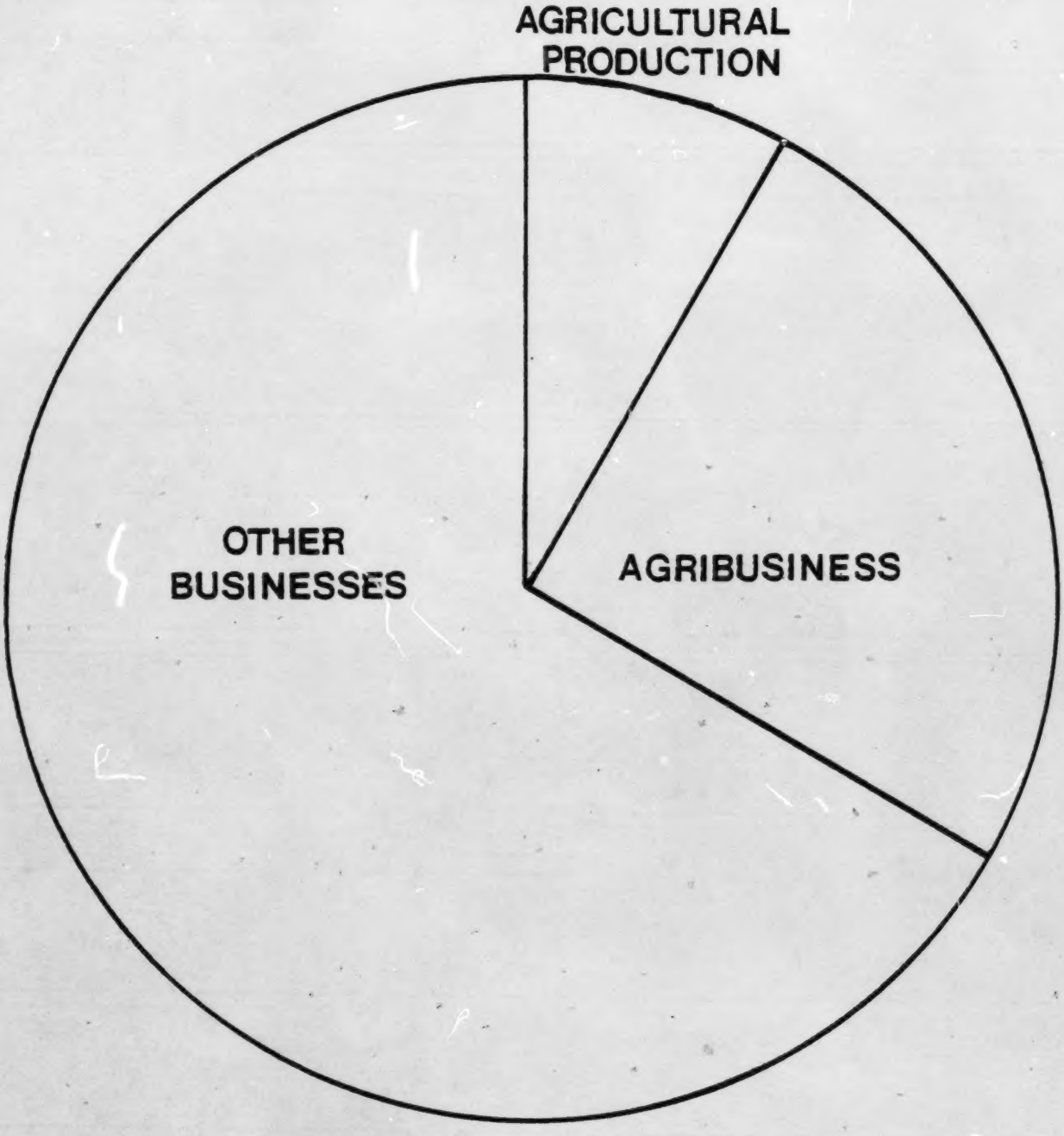
HOW IMPORTANT IS AGRIBUSINESS:

– TO THE WORLD?

– TO THE UNITED STATES?

– TO NORTH DAKOTA?

– TO YOUR COMMUNITY?



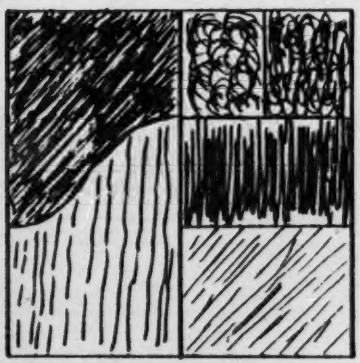
OUR NATION'S WORK FORCE

EMPLOYMENT OUTLOOK FOR AGRICULTURE AGRIBUSINESS

404,670 Number of people needed each year as replacements	
108,700 number of trained people to fill vacancies	295,970 Vacancies for trained people available

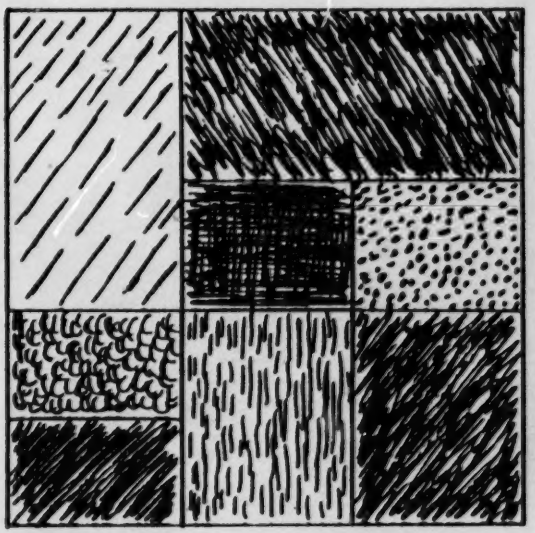
SIZE OF NORTH DAKOTA FARMS

1950



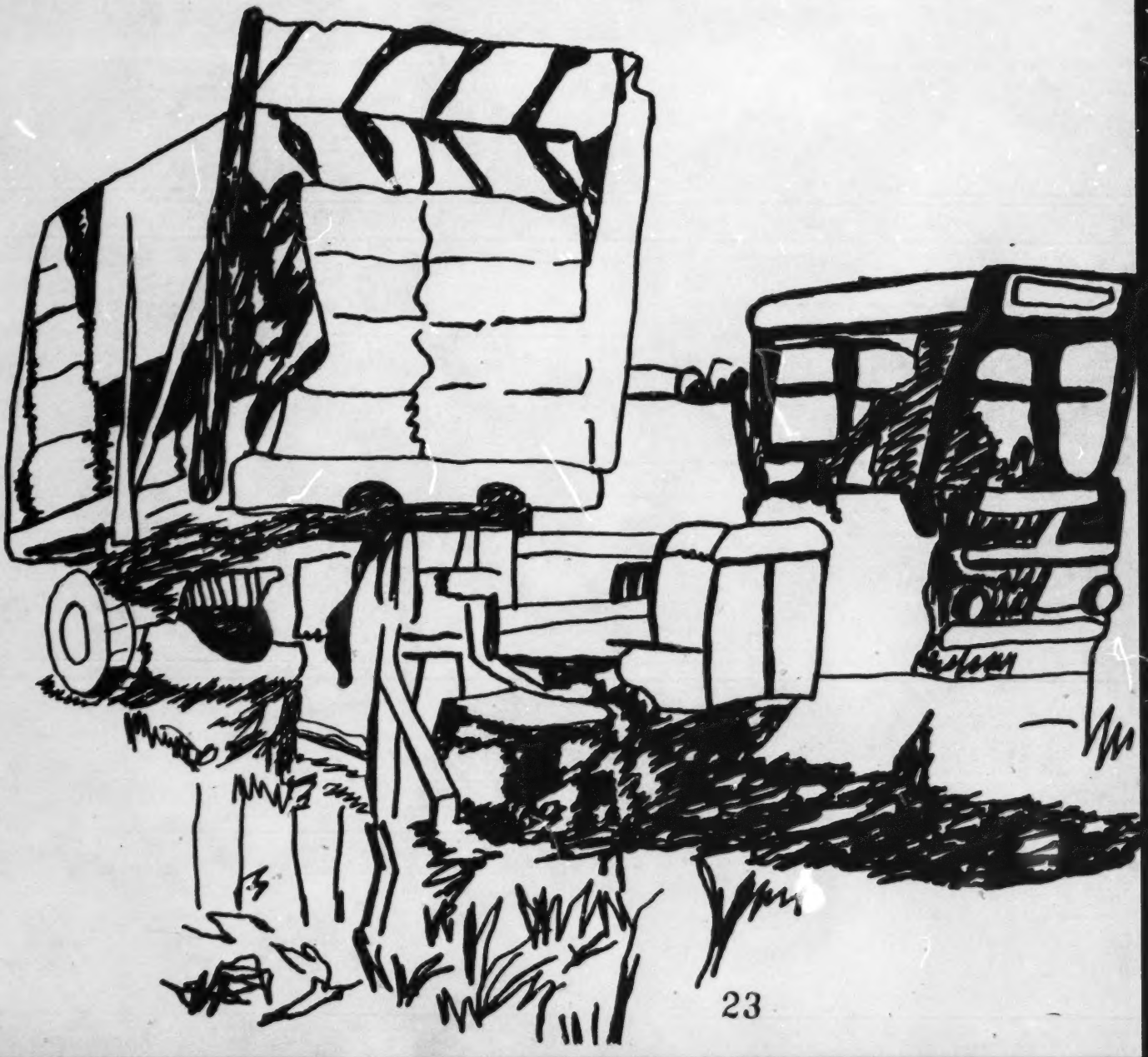
647 ACRES

1970

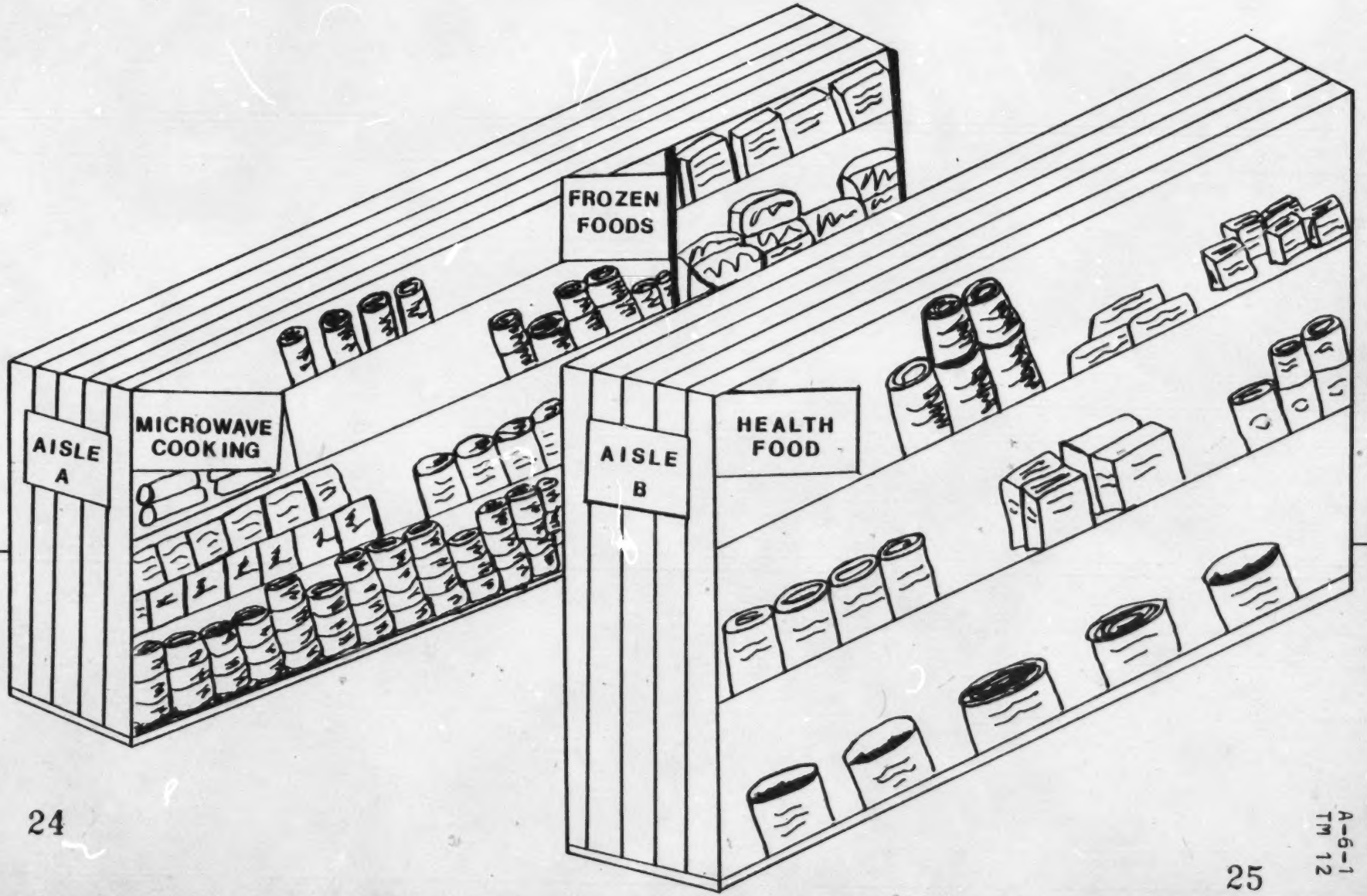


1047 ACRES

LARGER EQUIPMENT, NEWER METHODS



NEW METHODS OF PREPARING FOOD



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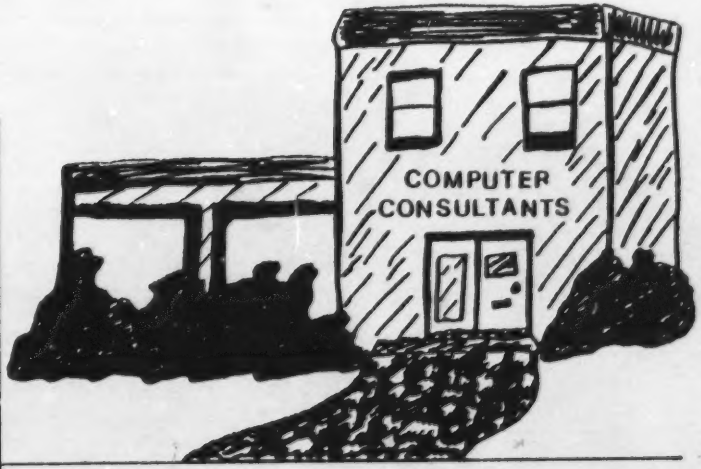
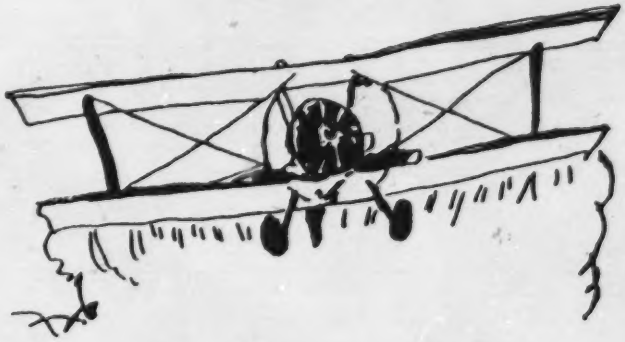
MORE SERVICES BEING OFFERED





Job 2: Defining Types of Business Organizations.

Objectives:

The objectives of this job shall be met at a level predetermined by the instructor. The manner in which they are evaluated shall also be determined by the instructor.

Upon completion of this job, the students shall be able:

1. to describe what is meant by the free enterprise system.
2. to distinquish the difference among the various types of business organizations.
3. to differentiate the responsibilities of persons involved in the various business organizations.

Guide Questions:

1. What is meant by the free enterprise system?
2. How is it different from other systems?
3. What is a proprietorship type of business?
4. How will a partnership be different from an individual proprietorship?
5. What is a corporation?
6. What are the responsibilities of the stockholders, directors. and managers in a corporation?
7. What are cooperatives?
8. What are the responsibilities of the members, directors, and managers of a cooperative?
9. In what ways do cooperatives differ from corporations?

References:

Business In Our Community. American Institute of Cooperation. Washington, D.C., 1977.

Cobia, David W. Management and Marketing in Agribusiness. Department of Agricultural Economics, North Dakota State University, Fargo. North Dakota. August 1976.

Kirkman. C. H. Jr. Understanding Your Cooperatives. Economics, Statistics, and Cooperative Service. United States Department of Agriculture, July, 1979.

Limvere Karl. Economic Democracy for the Northern Plains: Cooperatives and North Dakota. The North Dakota Farmers Union, 1980.

Interest Approach:

Inform the students they should bring a penny to class. Purchase candy necessary to complete this interest activity.

Announce to the class that they are going to start a business. Tell them you are going to sell them the candy (which they can eat in class) for one cent per piece or ten pieces for five cents, but each student can spend a limit of one cent.

The students will have to pool their pennies to get the better deal. Ask them what kind of business they formed. Then lead into the class discussion.

Key Facts:

I. Defining the Free Enterprise System.

A. Type of economic system.

B. Basis for American economics.

C. Characteristics.

1. Every individual has rights concerning property and goods. (Transparency 1)

a. Purchase of goods.
b. Selling of their products or labor.
c. Receiving any profits made.
d. Participation in business structure.

2. Government regulations prevent economic damage to the public and provides maximum opportunity for people to participate in business.

3. Public has an incentive to achieve.

II. Comparison to Other Systems.

A. Feudal system.

1. Prominent in medieval times.
2. Lordships owned the land, governed it, and received revenue from it.
3. Workers were peasants.

B. Socialism.

1. All means of production are owned and controlled by the state.
2. No right of individual ownership.
3. No incentive to achieve.
4. Workers are treated equally.

III. Individual Proprietorship. (Transparency 2)

A. Owned by one person.

B. Owner is completely responsible for the business.

1. Makes all major decisions.

2. Provides the financing.

3. Hires any needed help.

4. Pays all debts.

5. Receives all the profit.

IV. Partnership. (Transparency 3)

A. Owned by two persons.

B. Responsibilities are shared jointly.

1. Must agree on major decisions.

2. Both provide financing.

3. Both hire needed help.

4. Both are responsible for the debts of the business.

5. Both share the profit.

V. Corporation. (Transparency 4)

A. Group of investors, joining together to form an organization primarily for the purpose of making a profit.

B. Characteristics.

1. Legal entity - has those same rights as an individual in the free enterprise system.

2. Closely regulated by law.

3. Stockholders own shares in the corporation and vote according to the number of shares.

4. Stockholders are not responsible for the debts of the entire corporation.

VI. Responsibilities in a corporation.

A. Responsibilities of stockholders.

1. Provide financing.

2. Provide management.

3. Participate in decision making.

B. Responsibilities of the board of directors.

1. Represent stockholders.
2. Formulate policy.
3. Hire managerial personnel.
4. Evaluate corporation performance.
5. Report to stockholders.
6. Assume liability for corporation's operations and actions.

C. Responsibilities of the management.

1. Staff the corporation.
2. Develop goals and plans to reach objectives set by the board.
3. Direct business activity.
4. Evaluate employee performance.
5. Report to board and stockholders.

VII. Cooperatives. (Transparency 5)

A. Group of people investing in a business whose primary purpose is to provide a service to its investors.

B. Characteristics.

1. Special type of corporation.
2. Business is owned by the people who do business there.
3. Owners, called member patrons, receive a dividend from the profits according to the amount of business each does there.
4. Each member receives one vote regardless of his/her investment.

VIII. Responsibilities in a cooperative.

A. Responsibilities of the member patrons.

1. Provide financing.
2. Provide management.
3. Participate in decision making.
4. Give maximum patronage support.

B. Responsibilities of the board of directors.

1. Represent members.
2. Formulate policy.
3. Hire the manager.
4. Evaluate cooperative performance.
5. Report to members.
6. Assume liability for cooperatives' operations and actions.

C. Responsibilities of the management.

1. Staff the cooperative.
2. Develop goals and plans to reach objectives set by the board.
3. Direct business activity.
4. Evaluate employee performance.
5. Report to board and members.

IX. Differences between corporations and cooperatives. (Transparency 6)

A. Corporation.

1. Owned by investors.
2. To make a profit.
3. Profits are returned to the investors of the corporation.

B. Cooperatives.

1. Owned by customers.
2. To provide service.
3. Profits are returned to customers according to the amount of business they transacted at the cooperative.

Student Learning Activities:

1. Show film "How People Do Business In Our Democracy." Available from Elliot Film Company, Inc., 2635 Nicollet Avenue, Minneapolis, Mn. 55408.

2. Using the list of agribusinesses that students made for Job 1, have them identify each as either a sole proprietorship, partnership, corporation, or cooperative. You may want to add businesses that are not on the list.
3. Show slide set, "The American Private Enterprise System." Available for purchase ($10) from The American Institute of Cooperation; 1800 Massachusetts Avenue N.W., Suite 508, Washington, D. C. 20036.
4. Visit a couple businesses in the community and ask the manager to discuss with the students the organization of the business. Also ask him/her to point out the difference between that business and one of another organization.

FREE ENTERPRISE SYSTEM

- purchase goods

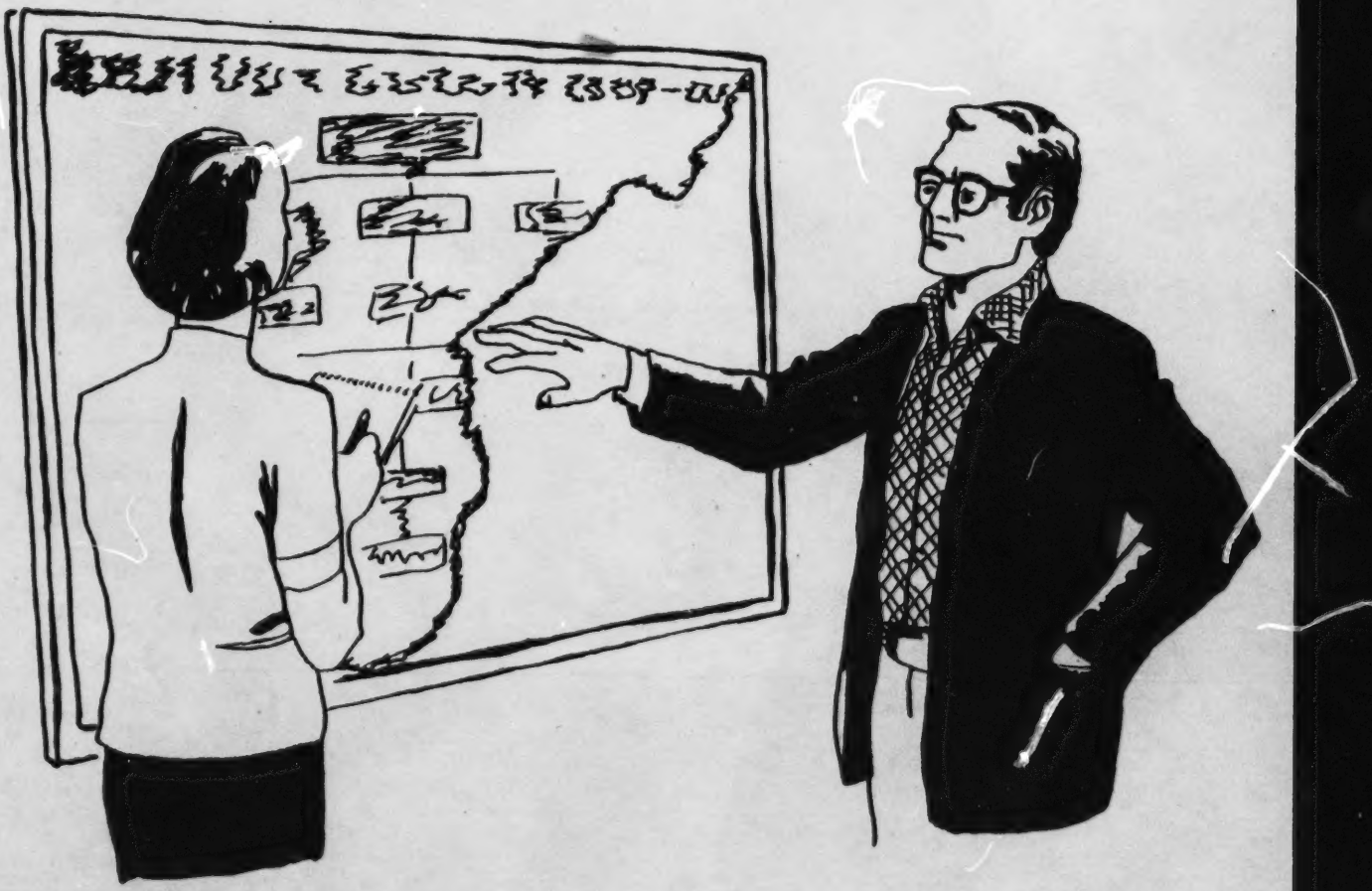
- sell products and labor

- receive profit

- participate in business structure

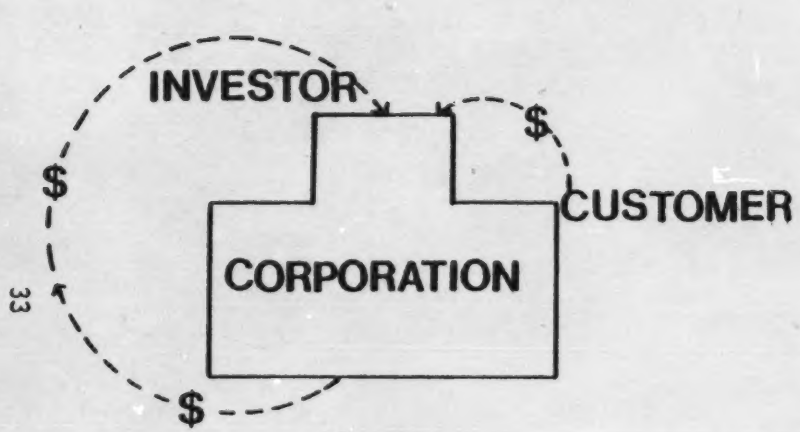
INDIVIDUAL PROPRIETORSHIP

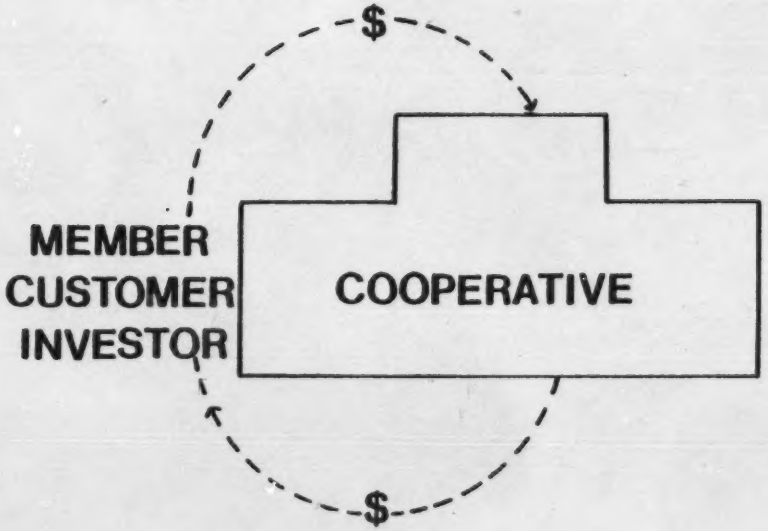
PARTNERSHIP



CORPORATION

COOPERATIVE





DIFFERENCES BETWEEN

CORPORATIONS AND COOPERATIVES